

1 **Requirement:**

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3 **Provide the latest detailed fuel forecast for test year in the same format and level of**
4 **detail as the 2005 rate case (P-881) response to UARB IR-49 and as submitted in**
5 **2007 rate case (P-886) response to UARB IR-84. Identify the date and price of the**
6 **forward price curve data used for HFO and natural gas forecasts. Also provide the**
7 **Strategist runs used to compute the fuel and purchased power costs for the test year.**

8

9 **Submission:**

10

11 Please refer to Confidential Attachments 1 and 2 and 3.

1 **Requirement:**

2

3 **Provide the current forecast of fuel burn levels for each plant for the current year**
4 **and the test year. Include projections for each fuel type, MMBTU consumed, %**
5 **sulphur in the fuel, tonnes of SO2 emitted, dollars for each fuel type, and \$/MMBTU**
6 **for each fuel type. Provide additional information to indicate the future solid fuel**
7 **requirements for 3 years beyond the test year.**

8

9 **Submission:**

10

11 For the percent sulphur in the fuel, please refer to OP-07.

12

13 For test year fuel burn levels, please refer to OE-01A.

14

15 For solid fuel requirements, please refer to OE-01E.

1 **Requirement:**

2

3 **Provide fuel costs per MWh for the past year (actual), Current year (forecast), and**
4 **test year. Provide the substantiating detail for the fuel costs for each of these years;**
5 **such detail should include all of the individual fuel cost components as follows, on a**
6 **cost per MWh basis, and a total dollar basis:**

7

- 8 **i. Costs for import coal**
- 9 **ii. Costs for domestic coal**
- 10 **iii. Costs for pet-coke**
- 11 **iv. Costs for oil**
- 12 **v. Costs for natural gas used**
- 13 **vi. Credits from the sale of natural gas**
- 14 **vii. Costs for purchased power, and**
- 15 **viii. Solid fuel transportation costs**

16

17 **Submission:**

18

19 Please refer to Confidential Attachments 1 and 2.

20

1 **Requirement:**

2

3 **Provide, for the last two years, the history of fossil fuel use, by fuel type, by fuel**
4 **qualities, by MMBTU contribution, and by cost of fuel.**

5

6 **Submission:**

7

8 Please refer to Confidential Attachments 1 and 2.

9

1 **Requirement:**

2

3 **Provide a summary of the current fuel contract status for each fuel (domestic coal,**
4 **pet-coke, low sulfur coal, mid sulfur coal, high sulfur coal, heavy fuel oil, natural**
5 **gas), and by fuel supplier, for the next five years. Show for each fuel both the**
6 **amount of fuel already under contract for each year, as well as the balance of open**
7 **or un-contracted fuel for each year. Include the sulfur content of the fuels as**
8 **appropriate.**

9

10 **Submission:**

11

12 Please refer to Confidential Attachment 1.

13

1 **Requirement:**

2

3 **Provide a copy of the latest Fuel Manual.**

4

5 **Submission:**

6

7 This confidential information is available for viewing at NSPI offices.

8

1 **Requirement:**

2

3 **Provide the test year monthly quantities of fossil fuels projected to replace the**
4 **natural gas under contract that is assumed to be sold, rather than used by NSPI.**

5 **Provide the calculations that support NSPI's fuel cost savings of buying these**
6 **replacement fuels, as compared to NSPI using the quantities of natural gas under**
7 **contract using Strategist reports.**

8

9 **Submission:**

10

11 Please refer to Confidential Attachment 1.

1 **Requirement:**

2

3 **For the test year forecast (proposed rates) provide the solid fuel commodity costs,**

4 **transportation costs to move the solid fuel to Nova Scotia, foreign exchange, and the**

5 **costs to move the solid fuels within Nova Scotia to each of the generating stations.**

6 **Show each cost component separately for the various solid fuels used at each NSPI**

7 **generating plant. Include in the response a calculation of the fuel price in**

8 **\$/MMBTU for each component of the fuel price, so that the final plant-delivered**

9 **cost is that used as input to the Strategist run. Include sources used to derive the**

10 **requested data, and the date the forecast was prepared.**

11

12 **Submission:**

13

14 Please refer to Confidential Attachment 1.

1 **Requirement:**

2

3 **Provide a summary of the current fuel transportation contract status for each fuel,**
4 **and by transportation provider, for the next five years. Show for each fuel both the**
5 **amount of fuel transportation already under contract for each year, as well as the**
6 **balance of open or un-contracted fuel transportation for each year.**

7

8 **Submission:**

9

10 Please refer to Confidential Attachment 1.

1 **Requirement:**

2

3 **For each fuel, describe (qualitatively and quantitatively) any hedging programs in**
4 **place, current year hedge positions, and any hedging programs planned for the test**
5 **year.**

6

7 **Submission:**

8

9 NSPI uses a combination of physical and financial contracts for hedging its fuel. The
10 types of hedging tools currently permitted to be used by NSPI are specified in the Fuel
11 Manual, Appendix B – Allowed Fuel Procurement Transactions, Freight Procurement
12 Transactions and Financial Instruments.

13

14 Please refer to Confidential Attachment 1.

1 **Requirement:**

2

3 **Provide forecasted prices calculation for uncommitted tonnages of solid fuels for the**
4 **test year.**

5

6 **Submission:**

7

8 Please refer to Attachment 1.

9

Forecast Price Calculation for Uncommitted Tonnage

Low Sulphur Coal

Supplier	Price (US \$/MT)	Sulfur (wt. %)	GCV (Btu/Lbs)
Average	\$ 96.76	0.75%	11,872

Mid Sulphur Coal

Supplier	Price (US \$/MT)	Sulfur (wt. %)	GCV (Btu/Lbs)
Consolidation Coal	\$ 67.00	3.50%	13,000
Consolidation Coal	\$ 70.00	3.00%	13,000
Emeral Coal Resources	\$ 81.02	2.70%	13,000
PIRA	\$ 74.25	2.30%	13,000
EVA Forecast	\$ 70.39	2.60%	13,000
EVA Forecast	\$ 75.64	2.00%	13,000
Hill & Associates	\$ 70.68	3.50%	12,500
Hill & Associates	\$ 74.75	1.75%	12,800
Average	\$ 72.97	2.67%	12,913

Petroleum Coke

Supplier	Price (US \$/MT)	Sulfur (wt. %)	GCV (Btu/Lbs)
Oxbow	\$ 45.00	6.50%	14,000
EVA Forecast	\$ 43.00	5.00%	14,300
Average	\$ 44.00	5.75%	14,150

1 **Requirement:**

2

3 **Provide data showing how much gas was contracted to be supplied, how much was**
4 **used (show separately the volumes burned in the combustion turbines at Tufts Cove,**
5 **and those volumes burned in the steam units), how much was available for sale, and**
6 **how much was sold, by month for the past year (actual), present year (forecast), and**
7 **test year.**

8

9 **Submission:**

10

11 Please refer to Confidential Attachment 1.

12

1 **Requirement:**

2

3 **Provide information on all fuel related Affiliate Transactions for the last two years**
4 **actual.**

5

6 **Submission:**

7

8 Please refer to Confidential Attachment 1.

1 **Requirement:**

2

3 **Provide a copy of the latest Fuel Supply or Transportation Studies conducted since**
4 **the last rate filing.**

5

6 **Submission:**

7

8 No new studies have been completed since the last rate filing.

9

1 **Requirement:**

2

3 **Provide details on Export and Import Power Calculations over the standard**
4 **financial timeframes.**

5

6 **Submission:**

7

8 Please refer to Confidential Attachment 1.

9

Nova Scotia Power Inc
Details on Exports and Import Power
Millions of dollars

2009 Financial Outlook

	(1)	(2)	(3)	(4)	(5)	(6)
			Compliance Rates Test Year Forecast 2007	Compliance Rates Test Year Forecast 2007(*)	Present Rates Test Year Forecast 2009	Proposed Rates Test Year Forecast 2009
	Actual 2007	Forecast 2008				
4 Export Power						
5 Sales (GWh)						
6 Generation	59.4		78.6	65.4	40.1	40.1
7 Losses	2.0		2.4	2.0	1.2	1.2
8 Sales (Billed)	57.4		76.2	63.5	38.9	38.9
9						
10						
11 Sales (\$Ms)	\$3.1		\$8.5	\$6.8	\$4.6	\$4.6
12						
13 Cost of Sales						
14 Lingan	1.6		0.0	0.0	(0.2)	(0.2)
15 Trenton	0.0			(0.0)	-	-
16 Pt Tupper	0.0			-	-	-
17 Pt Aconi	0.0			-	-	-
18 Tufts Cove	0.4		5.9	4.5	3.1	3.1
19 LM6000s	0.1		0.0	0.2	(0.3)	(0.3)
20 Combustion Turbines	0.0		1.5	1.2	1.2	1.2
21 Purchased Power	0.3		0.1	0.1	0.2	0.2
22						
23	\$2.3		\$7.6	\$6.0	\$4.1	\$4.1
24						
25 Net Margin on Exports	\$0.8		\$0.9	\$0.8	\$0.5	\$0.5
26						
27						
28 Import Power						
29 Purchases (Gwh)	342.6		29.1	21.5	35.9	35.9
30						
31 Cost of Purchases	\$31.3		\$5.0	\$3.3	\$5.9	\$5.9
32						
33						

34 Notes:

35 The 2007 Compliance Filing was based on a negotiated settlement agreement with a fuel cost of \$470M and an associated revenue requirement resulting in a 3.8% average rate increase. This rate increase did not reflect a projected change in imports and exports that had been modeled in the Strategist fuel run resulting in the \$470M fuel cost. The fuel cost detail supporting the revised imports and exports projection is noted in this table as 2007* and has been used in this Application as the 2007 Compliance comparison in NSPI's fuel evidence.

1 **Requirement:**

2

3 **Provide information on current Force Majeure issues or other known disputes that**
4 **may impact fuel deliveries.**

5

6 **Submission:**

7

8 The response to this requirement is confidential.

1 **Requirement:**

2

3 **Provide a table showing the calculation of the cost and recoveries for Fuel for Resale**
4 **(i.e. Appendix A, Table 8 of NSPI's October 2006 filing) for the current year, test**
5 **year, and the most recent five years of actual data. In the table address each of the**
6 **key elements in the calculation (as shown on page 53 of the October 2006 filing).**

7

8 **Submission:**

9

10 Please refer to Confidential Attachment 1.

11

1 **Requirement:**

2

- 3 ○ **Maintenance and repair expenses.**
- 4 ○ **Insurance and security costs.**
- 5 ○ **Salaries and benefits.**
- 6 ○ **Pension expenses, noting any changes to assumptions since the last rate filing.**
- 7 ○ **Other post retirement benefits.**
- 8 ○ **Billing and collection expense.**
- 9 ○ **Outside or contract services.**
- 10 ○ **Regulatory expenses.**

11

12 **Submission:**

13

14 Please refer to Confidential Attachment 1.

Nova Scotia Power Inc.
Operating, Maintenance and General
Years Ended December 31st
Thousands of Dollars

2009 Financial Outlook

	(1)	(2)	(3)	(4)	(5)
	Actual	Compliance		Present	Proposed
	2007	Rates	Forecast	Rates	Rates
		2007	2008	2009	2009
4 Salaries & Benefits (net of pension expense)	\$107,649	\$107,834		\$120,117	\$120,117
5 Insurance Costs	3,694	3,861		4,583	4,583
6 Membership Dues & Professional Association Charges	872	793		703	703
7 Contracts	36,316	32,162		41,956	41,956
8 Maintenance & Repair Expenses	70,539	64,474		73,516	73,516
9 Billing & Collection Expense	7,359	6,421		7,432	7,432
10 Regulatory Expenses	4,487	5,180		5,314	5,314
11					
12 Pension:					
13 Pension Plans	28,800	27,803		22,500	22,500
14 Other Post Retirement Benefits	6,100	5,238		6,800	6,800
15 Total Pension Expense	\$34,900	\$33,041		\$29,300	\$29,300

17 **Notes:**

- 18 1) Figures presented reflect whole numbers which may cause rounding differences on some line items.
- 19 2) Salaries & Benefits has been adjusted to exclude pension expense charged to labour.
- 20 3) Insurance Costs consist of total expenses in account 043.
- 21 4) Membership Dues & Professional Association charges consist of total expenses in account 029.
- 22 5) Contracts consist of total expenses in account 013.
- 23 6) Maintenance & Repair Expenses consist of costs for the repair and maintenance of all power production, transmission, and distribution assets (Power Production & Customer Operations). Expenses are comprised of direct labour, contracts, materials and associated miscellaneous expenses (includes storm repairs and vegetation management).
- 24 7) Billing & Collection Expenses comprise Billing & Payment Services (includes labour, freight & postage) and Credit Services (includes net bad debt, third party collection services and excludes internal call centre labour)
- 25 8) Regulatory Expenses consist of all labour and non-labour expenses incurred by Regulatory Affairs
- 26 9) Other Post Retirement Benefits include Early Retirement Incentive Plan and War Service Incentives, Long Service Awards and Post Retirement Benefits (none of which are paid into Royal Trust)

1 **Requirement:**

2

3 ○ **Income tax, including details of tax calculations**

4 ○ **Taxes other than income taxes, including details of tax calculations**

5

6 **Submission:**

7

8 Please refer to Confidential Attachment 1.

Nova Scotia Power Inc.
Tax Calculations
Years Ended December 31st
Millions of Dollars

2009 Financial Outlook

	(1)	(2)	(3)	(4)	(5)
	Actual	Compliance	Forecast	Present	Proposed
	2007	Rates	2008	Rates	Rates
	2007	2007	2008	2009	2009
1 Corporate Income Tax Calculation:					
2 Net Income Before Tax	\$183.8	\$190.9		\$49.3	\$183.7
3 Add: Depreciation	129.5	130.1		145.0	145.0
4 Accounting Amortization of financing costs	14.3	14.4		13.4	13.4
5 Pension Expense	31.1	33.0		25.7	25.7
6 Regulatory Amortization	17.3	16.2		16.1	16.1
7 Non-deductible expenses	4.5	2.3		6.5	6.5
8 Total Additions	196.7	196.0		206.7	206.7
9 Subtotal	380.5	386.9		256.0	390.4
10 Less: Interest capitalized for accounting	1.4	2.3		7.6	7.6
11 Financing cost deductions	13.3	15.0		11.3	11.3
12 Regular Pension Funding	16.5	22.0		11.5	11.5
13 Settlement Agreement Fuel Deferral	-	-		-	-
14 Capitalized Overhead	7.4	-		-	-
15 Other	0.5	0.4		21.1	21.1
16 Total Deductions before CCA	39.1	39.7		51.5	51.5
17 Net Income for tax purposes before CCA	341.4	347.2		204.5	338.9
18 CCA	138.3	142.4		142.1	142.1
19 Net Income for Tax purposes	203.1	204.8		62.4	196.8
20 Part VI.1 Deduction	16.9	16.9		16.9	16.9
21 Taxable Income	186.2	187.9		45.5	179.9
22 Part VI.1 Deduction	16.9	16.9		16.9	16.9
23 Income for tax expense calculations	203.1	204.8		62.4	196.8
24 Federal Income tax	44.7	45.3		11.7	37.3
25 Provincial Tax	32.5	32.8		10.0	31.5
26 Part VI.1	(0.8)	(0.8)		(0.3)	(0.3)
27 Total Income Tax Before Adjustments	76.4	77.3		21.4	68.5
28 Add: Adjustments for tax returns	(9.7)	-		-	-
29 Total Corporate Income Tax Expense	66.7	77.3		21.4	68.5
30 Provincial Capital Tax Calculation:					
31 Common Shares	830.6	830.6		830.6	830.6
32 Preferred Shares	260.0	260.0		260.0	260.0
33 Legal Retained Earnings	136.2	146.5		156.2	160.9
34 Short Term Notes Payable	120.0	99.0		291.5	291.7
35 Holdbacks	0.2	0.2		0.2	0.2
36 Long Term Debt	1,335.3	1,348.8		1,334.1	1,334.1
37 Dividends Payable	3.2	3.2		3.2	3.2
38 Asset Restoration Obligation	83.5	79.2		92.4	92.4
39 Hedging derivatives and held for trading derivatives	194.8	-		111.6	111.6
40 Unamortized Bond Premium (Discount)	12.5	5.6		13.0	13.0
41 Customer Deposits	9.6	7.0		12.2	12.2
42 Total	2,985.9	2,780.1		3,105.0	3,109.9
43 Provincial Capital Tax Rate	0.238%	0.238%		0.175%	0.175%
44 Less adjustments for tax return	(0.2)	-		-	-
45 Provincial Capital Tax Expense	6.9	6.6		5.4	5.4
50 TOTAL TAX EXPENSE	\$73.6	\$83.9		\$26.8	\$73.9

53 Notes:

54 1) Figures presented reflect whole numbers which may cause \$0.1M in rounding differences on some line items.

1 **Requirement:**

2

3 **Foreign exchange hedging.**

4

5 **Submission:**

6

7 Please refer to Confidential Attachment 1.

8

1 **Requirement:**

2

3 **Dues and professional association charges.**

4

5 **Submission:**

6

7 Please refer to OE-02 – OE-09.